

EXHIBIT 21

1
2 UNITED STATES BANKRUPTCY COURT
3 SOUTHERN DISTRICT OF NEW YORK

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4 In re

Case No.

01-16034

5 ENRON CORP., et al,

*SEE BELOW

6 Debtors.

7 -----x

8 October 20, 2005

10:05 a.m.

9 United States Custom House

One Bowling Green

10 New York, New York 10004

11 DIGITALLY RECORDED PROCEEDINGS

(Proceedings - Entire Day)

12 10:01 01-16034 ENRON CORP., ET AL

13 Debtors' objection to certain proofs of claim
14 filed in connection with the Brazos Financing
Structure.

15 10:10 01-16034 ENRON CORP., ET AL

16 Motion by Debtors Portland General Holdings,
17 Inc. and Portland Transition Company, Inc.
exhibit chapter 11 cases.

18 10:20 01-16034 ENRON CORP., ET AL

19 Debtors' sixth omnibus motion to deem
schedules amended to modify certain scheduled
claims.

20 B E F O R E:

21 THE HONORABLE ARTHUR J. GONZALEZ

22 United States Bankruptcy Judge

23 DEBORAH HUNTSMAN, Court Reporter

198 Broadway, Suite 903

24 New York, New York 10038

25 (212) 608-9053 (917) 723-9898

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2 form of Order.

3 JUDGE GONZALEZ: Does anyone else
4 wish to be heard?

5 (Whereupon, no response was heard.)

6 JUDGE GONZALEZ: No further comment
7 being heard, based upon the pleadings as
8 filed and the representations made on the
9 record, I will grant the relief requested.
10 You may hand up the Order.

11 MS. MAYER: Thank you, Your Honor.

12 JUDGE GONZALEZ: The next matter we
13 have listed is a scheduling conference re
14 Objection to Notice of Presentment of Order
15 Approving Amended Schedule S to Plan
16 Supplement.

17 MS. MAYER: Yes, Your Honor.
18 Sylvia Mayer, again, on behalf of the
19 Reorganized Debtors.

20 Your Honor, the Reorganized Debtors
21 filed an amended version of Schedule S under
22 Notice of Presentment, and an Objection was
23 filed by Baupost/Abrams.

24 Under the confirmed Plan, subject
25 to the ultimate allowance of the claims,

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2 certain claims are entitled to the benefit of
3 contractual subordination provisions in four
4 pre-petition indentures. Exhibit L to the
5 Plan identified the four pre-petition
6 indentures and set forth the relevant
7 provisions in each of the indentures that
8 define the Senior Indebtedness for purposes
9 of benefiting from the contractual
10 subordination provisions.

11 The four indentures are the 1987
12 Indenture, the TOPRS Indentures, and two
13 indentures referred to as the "MIPS,"
14 M-I-P-S. Schedule S to the Plan Supplement
15 set forth generally the types of claims
16 benefiting from contractual subordination and
17 contained a reservation by the Debtors for
18 the right to amend or modify the schedule.

19 On July 29th, the Reorganized
20 Debtors filed their Amended Schedule S,
21 setting forth in greater detail the claims
22 benefiting from contractual subordination, as
23 well as adding and removing certain claims
24 from the list.

25 One Objection was filed to the

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2 Amended Schedule S by Baupost/Abrams. They
3 filed the sole Objection.

4 In summary, their Objection seeks
5 to remove from Schedule S with respect to the
6 1987 Indenture Letter of Credit Claims and
7 certain claims that they refer to as
8 "Intercompany Claims," with respect to the
9 TOPRS Indentures, Letter of Credit Claims and
10 certain claims that they deem to be
11 Intercompany Claims, and with respect to the
12 two MIPS Indentures, there are certain claims
13 that Baupost/Abrams deems to be Intercompany
14 Claims.

15 Several Creditors with interest in
16 the letter of credit or Intercompany Claims
17 have responded to Baupost's Objection and
18 assert positions contrary to Baupost's
19 interpretation of these provisions.

20 From the Reorganized Debtors'
21 perspective, this is really an intercreditor
22 dispute. The same amount of money will go
23 out of the estate. It doesn't impact on the
24 funds that are available for distribution.
25 It simply impacts on whom we make the

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2 distributions to with respect to the
3 contractual subordination provisions.

4 Depending on the outcome of the
5 issues, some of the issues that are raised by
6 Baupost may affect claims that were not
7 identified by Baupost in their Objection. So
8 the Reorganized Debtors have reserved their
9 rights to further modify Schedule S,
10 depending upon the Court's ruling, but
11 otherwise the Reorganized Debtors are
12 effectively neutral as to these issues that
13 are essentially an intercreditor dispute.

14 JUDGE GONZALEZ: All right. Thank
15 you.

16 I assume I will then hear first
17 from Baupost?

18 MR. WINSTON: Good morning, Your
19 Honor. Eric Winston of Stutman Treister &
20 Glaett on behalf of the Baupost Group and
21 Abrams Capital, holders of a substantial
22 number of Enron unsecured claims.

23 As Ms. Mayer pointed out, we were
24 the only Objectors to Schedule S. Our
25 objection focused on --

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2 capable of more than one interpretation.

3 If Your Honor doesn't have any
4 further questions, let me go on to the TOPRS
5 Indentures. For purposes of Intercompany
6 Claims, the definition of "Senior
7 Indebtedness" in the TOPRS Indentures turns
8 on two principles. The first is the
9 indebtedness has to be evidenced by notes,
10 bonds, debentures, or other securities. This
11 definition is actually certainly different
12 than the definitions used in 1987 Indenture
13 or the two Loan Agreements and it is
14 certainly, at least in Baupost/Abrams' view,
15 more limiting, because it requires evidence
16 of a Note/Bond Debenture and it has "or other
17 security." The 1987 Indenture uses "other
18 instruments" and, of course, the Loan
19 Agreements don't have anything like that.

20 Then the other key aspect, and
21 which is why we think the Enron Finance
22 Claims and the Cherokee Claims have to come
23 off the list, is the indebtedness has to be
24 sold by Enron. This is somewhat of a curious
25 definition. I don't know if I have ever seen

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2 it in any other indenture. It is certainly
3 not in the 1987 Indenture, but it is the
4 language that is used in the TOPRS
5 Indentures.

6 None of the Intercompany Claims for
7 which we have objected that are remaining --
8 the Enron Finance Claims and the Cherokee
9 Claims -- are ones that were sold by Enron.
10 Contrast that to the claims of Enron Equity
11 Corporation. We had initially objected to
12 it, but after it was demonstrated to Baupost
13 and Abrams that these particular claims were,
14 in fact, sold by Enron, there was a warrant
15 to purchase these notes that was held by
16 Enron Equity Corporation. That is nothing
17 like that with respect to the Enron Finance
18 Claims or the Cherokee Claims. This
19 language, we submit, is unambiguous and no
20 other party with respect to the Intercompany
21 Claims has disputed the terms as ambiguous
22 with respect to what is meant by "sold by."

23 I have one other point to add, by
24 using the terms "notes, bonds, debentures, or
25 other securities sold by Enron," it suggests